

November 16, 2022

The Honorable Greg Gianforte Office of the Governor P.O. Box 200801 Helena, MT 59620

Dear Governor Gianforte,

Across Montana a diesel fuel shortage looms and gas prices remain high, leaving Montanans to suffer the consequences of the Biden Administration's failed policies. As a state whose top industries are agriculture, forestry, energy production, and transportation, we are especially hard hit by a fuel shortage. While the current energy crisis is a result of the Biden Administration's disastrous energy policies, with no course reversal in sight, it is time to take matters into our own hands at the state level.

With this in mind, I encourage your administration to investigate the following options to lower fuel costs and increase supply:

- 1. Declare a State of Energy Emergency and request that the Internal Revenue Service (IRS) grant dyed diesel penalty relief as a result of the emergency. Dyed diesel, used for farming and heating homes, is ordinarily not subject to fuel tax. The fuel itself is no different from regular diesel, except that dye is added so that authorities can tell when untaxed diesel is being used unlawfully. In emergency situations, such as an extreme weather event or fuel shortage, the IRS has halted imposition of penalties for using dyed diesel on highways and for other purposes. With fuel prices surging, the Strategic Petroleum Reserve dwindling, and OPEC cutting production, Montanans should be encouraged to use any available diesel, including untaxed dyed diesel, without penalty. By suspending penalties for using dyed diesel, Montanans would have access to additional fuel at a lower cost.
- 2. Announce that you would sign into law an emergency diesel tax holiday if the Montana state legislature passes such a bill. The tax on undyed diesel in Montana is \$0.2975/gallon—suspending this tax would provide significant relief for Montanans who are currently paying \$5.35 per gallon for diesel.

In a vast state where our citizens and the economy rely so much on transportation, an energy crisis of this magnitude demands significant action. I believe it is time to take all reasonable steps to reduce the burden placed on our constituents and their businesses. I appreciate all you

have done to bolster Montana's economy and I look forward to your consideration of this proposal.

Sincerely,

Matt Rosendale

Member of Congress

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